

Message Text

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PAGE 01 SYDNEY 00453 010442Z

ACTION EB-08

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FM AMCONSUL SYDNEY
TO SECSTATE WASHDC 8200
INFO AMEMBASSY LONDON
AMEMBASSY MOSCOW
AMCONSUL LENINGRAD

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E.O. 11652: N/A

TAGS: ETEL

SUBJECT: INMARSAT - ECONOMIC PANEL MEETING, SYDNEY, FEB. 22-28

REF: A) STATE 015454 (NOTAL) 19 JAN 78; B) SYDNEY 0400

1. SUMMARY. ECONOMIC PANEL CONSIDERED ALL ITEMS OF ITS AGENDA, AND COMPLETED SATISFACTORILY WORK ON ALL BUT TWO ITEMS. IMPORTANTLY, EVEN THOUGH TRAFFIC FORECASTS WERE COMPLETED, ECONOMIC ANALYSIS, BASED ON COMPUTER RUNS, WAS NOT SUFFICIENTLY ADVANCED TO PERMIT FORMULATION OF CONCLUSIONS AND RECOMMENDATIONS. CAPITAL BUDGETS, WHICH DEPEND ON SUCH ANALYSIS, WERE THEREFORE NOT DONE. PANEL ANTICIPATES RESOLUTION AT ITS FOURTH MEETING OF OUTSTANDING MATTERS AND PREPARATION OF REPORT TO GOVERNMENTS.
 2. FIFTEEN PREPCOM MEMBERS AND OBSERVERS FROM SEVEN INTERNATIONAL ORGANIZATIONS ATTENDED ABOVE-REFERENCED MEETING. MEETING CONSIDERED VARIOUS ECONOMIC, FINANCIAL AND MARKETING MATTERS ASSIGNED TO IT BY PREPARATORY COMMITTEE. THE MORE IMPORTANT ISSUES ARE DESCRIBED BELOW. THERE WERE NO POLITICAL ISSUES RAISED.
 3. TRAFFIC FORECASTS WERE PRODUCED FOR THE PERIOD 1980-1995 USING NATIONAL MARKET SURVEYS FURNISHED BY TWELVE ADMINISTRATIONS (COMPILED AND AGGREGATED DURING THE WEEK PRECEDING THE PANEL
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PAGE 02 SYDNEY 00453 010442Z

SESSION). ADDITIONALLY, IN VIEW OF US DEL SUBMISSIONS WITH RESPECT TO CURRENT U.S. MARISAT EXPERIENCE, FORECASTS WERE ALSO PRODUCED DRAWING ON THAT EXPERIENCE. NATIONAL MARKET SURVEYS WERE GENERALLY VERY CONSERVATIVE RELATIVE TO CURRENT USE OF MARISAT SYSTEM BY VESSELS OF ALL REGISTRIES. THESE TWO SETS OF FORECASTS ESTABLISH REASONABLE UPPER AND LOWER LIMITS OF POSSIBLE TRAFFIC AND WERE THEREAFTER USED BY THE PANEL WHEN

CONSIDERING REQUIRED SPACE SEGMENT CAPACITY.

4. DURING THE FIRST GENERATION OF MARITIME SATELLITES, IT IS ESTIMATED THAT THE REQUIRED CAPACITY IN THE ATLANTIC OCEAN REGION, WHICH WILL BE THE BUSIEST SERVICE AREA, WILL BE BETWEEN 21 AND 40 EQUIVALENT VOICE-GRADE CIRCUITS. IT IS ESTIMATED THAT FOR THE SECOND GENERATION OF SATELLITES, THIS REQUIREMENT MIGHT INCREASE TO 132 CIRCUITS.

5. PANEL BEGAN ECONOMIC ASSESSMENT OF MAJOR SPACE SEGMENT ALTERNATIVES TAKING INTO ACCOUNT ITS TRAFFIC FORECASTS AND PROJECTED SPACE SEGMENT REQUIREMENTS. PANEL REVIEWED SPACE SEGMENT OPTIONS OUTLINED BY INMARSAT PREP COM TECHNICAL PANEL (REF B) IN TERMS OF COSTS AND CAPACITY AND DECIDED TO CONSIDER THREE SERIOUSLY AND NOT TO PERFORM ANALYSIS OF REMAINING TWO. OPTIONS ANALYSED WERE (1) ANTICIPATED OFFER BEING PREPARED BY EUROPEAN SPACE AGENCY (ON THE BASIS OF DISCUSSIONS WITH U.S. MARISAT JOINT VENTURE AND OTHERS); (2) SHARED INTELSAT V SATELLITES PLUS TWO DEDICATED SATELLITES (AS PER INTELSAT PROPOSAL PRESENTED TO BOTH TECHNICAL AND ECONOMIC PANELS); AND (3) AN INMARSAT SPECIFIED DEDICATED SYSTEM, PROCURED OTHER THAN VIA INTELSAT (30 CHANNEL CAPACITY).

6. COMPUTER RUNS WERE DONE TO PRODUCE PRESENT VALUE ANALYSIS OF THE OPTIONS FOR THE SEVERAL FORECASTED TRAFFIC LEVELS. OPTIONS 1 AND 3 (NOTED ABOVE) SHOW PROMISE OF ECONOMIC VIABILITY. FURTHER CONCLUSIONS AND RECOMMENDATIONS WERE WITHHELD UNTIL THE COMPLETION OF ADDITIONAL COMPUTER RUNS ON PROFIT AND LOSS STATEMENTS.

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PAGE 03 SYDNEY 00453 010442Z

7. PANEL CONSIDERED COMMENTS OF TECHNICAL PANEL WITH RESPECT TO SERVICES WHICH MIGHT BE OFFERED BY ADMINISTRATIONS THROUGH INMARSAT SPACE SEGMENT. BECAUSE THE BASIC CAPABILITY OF THE SPACE SEGMENT AUTOMATICALLY PERMITS THE PROVISION OF A WIDE RANGE OF SERVICES INCLUDING HANDLING OF PRIORITY TRAFFIC (INCLUDING DISTRESS), THE PANEL RECOMMENDED THAT ALL SERVICES WHICH COULD BE PROVIDED WITHOUT ADDITIONAL SPACE SEGMENT COSTS BE OFFERED. ADDITIONALLY, THE PANEL RECOMMENDED THAT EPIRB ALERTING AND POSITION INDICATING SERVICES (AND KEYBOARD SENDERS) BE OFFERED IN THE INITIAL STAGE OF INMARSAT EVEN THOUGH THE SERVICE WOULD REQUIRE ADDITIONAL COSTS. IT NOTED THE TECHNICAL PANEL HAD NOT COMPLETED ITS STUDIES OF THIS SERVICE YET.

8. PANEL ADOPTED TEXT COVERING RECOMMENDED INMARSAT CHARGING POLICY, ACCOUNTING POLICY AND FINANCIAL PROVISIONS. US SUBMISSION WAS BASIS FOR DISCUSSION AND TEXT ADOPTED SUBSTANTIALLY INCORPORATES ALL US VIEWS. US DEL MEMBER EDWARD SLACK CHAIRED WORKING GROUP WHICH DEVELOPED TEXT.

9. OTHER MATTERS ADDRESSED INCLUDED:

A) PRELIMINARY CONSIDERATION OF NEW SERVICE PROPOSED BY JAPAN TO PROVIDE RECORDED INFORMATION.

B) NEED FOR DEVELOPMENT OF INMARSAT MARKETING PHILOSOPHY

C).NEED TO CONSIDER FURTHER STUDY OF DISTRIBUTION OF SHIPPING
BY ALL OCEAN AREAS.
D) NEED TO ASSURE SHIPOWNERS THAT MARISAT TERMINALS WOULD BE
ONLY STANDARD IN INITIAL INMARSAT STAGE.
E) REQUIREMENT TO PREPARE CAPITAL BUDGET FOR SYSTEM
ALTERNATIVES ONCE ECONOMIC ANALYSIS COMPLETED.
10. PANEL'S FOURTH MEETING, AS PREVIOUSLY SCHEDULED, WILL
BE IN LENINGRAD, ON 3-7 JULY AT INVITATION OF USSR.
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